



How can a director education plan help your board?

It's not news that the role of the board of directors is under increased pressure and that directors are formalizing board education plans in order to "keep up." But, how does board education add value and what are the fundamental elements of an effective board education plan?

Board education begins when a director is first elected. Generally referred to as a director "orientation" or the "onboarding process," this program begins even before the new director's first board meeting. Specifics are unique to each company; but, will likely include meetings with senior members of management to review key operations and company functions, a meeting with the governance committee chair and/or the corporate secretary to review governance guidelines, codes of ethics, recent meeting minutes and board structure. Completing the orientation prior to attending the first meeting helps the new director get up-to-speed more quickly so that she can be better prepared to comment on important board matters.

Continuing education programs help directors stay informed on business, regulatory and governance trends. It helps them to gain sound insight on a variety of strategic matters and enables effective oversight. There are a variety of approaches to, and timelines for, delivering continuing education. Relevant speakers can be invited to attend a segment of an annual board retreat, independent organizations can develop periodic in-house training programs or directors may attend external conferences. The value of an in-house program is that it is uniquely tailored to fit your company. The value of encouraging directors to attend outside programs (e.g. NACD and Corporate Board Member programs) is that directors can talk and compare experiences with directors at other companies.

In today's highly litigious and regulated world, director education plans help to demonstrate that the board is well informed and capable of responsibly carrying out its fiduciary duties. More importantly, a well educated board can react quickly to challenges and better enable value creation for shareholders. Boards with effective education plans can answer "yes" to the following questions.

1. Does the board have a formalized education plan?
2. Has an independent industry expert ever presented at a board meeting?
3. Has every board member, in the last three years, attended one outside education event?
4. Does the corporate secretary include a list of "recommended" director education events in the reference section of each meeting's pre-reading materials?
5. After attending an external program, does the director share key insights with the full board?
6. Does your board education plan anticipate addressing the following current key topics?
 - Cyber security
 - Industry trends
 - Social media
 - Risk management (ERM)
 - Executive compensation
 - Crisis management
 - Economic uncertainty and trends
 - CEO development and succession
 - Health care reform
 - Effective board evaluation processes

BQs are published monthly. Discuss your answers in the executive session at your next board meeting. It could help your board become more effective.

